

II. ARGUMENTS

Reconsideration of the present application in view of the foregoing Amendments and the following remarks is respectfully requested.

Claims 1 and 19 have been modified to include to the limitations of providing lenders with borrowers information that have matching data, providing borrowers with lenders information that have matching data, lenders and borrowers communicating to negotiate and complete the loan process in a consumer-to-consumer electronic borrowing and lending scheme, and the terms of loan used for negotiation. Support for this can be found in paragraphs 0013 to 0015, 0046, 0064, 0077 & 0086. While prior art from different universes have been cited, none of the prior art cited severally or in combination teach a system or method that allows consumer to consumer (or "user to user") electronic borrowing and lending. Such a system/method greatly enhances the convenience of users that are lenders and borrowers and would also tremendously reduce the transaction costs that would otherwise be high due to the overheads involved with running traditional institutions like banks and other financial institutions. Therefore, the embodiments disclosed in the application solve a problem and put forward a solution that is novel and useful and not obvious in the light of the prior art cited.

Rejection under 35 U.S.C Section 103:

Tengel '812 was cited as disclosing accepting data from a borrower via a computer network from one or more prospective borrowers, where the borrower data includes the type of collateral to be used in the loan, the loan terms, maximum and minimum values etc.

Altman '892 was cited as disclosing a method for automating legal documents particularly for institutional and commercial loans and loan terms and their respective range of acceptable values and what loan terms are negotiable by each prospective borrower.

Balson '240 was cited as disclosing the type of collateral available and the type of collateral required.

Atkins '136 was cited as disclosing evaluation of the value of the collateral at specified time periods and providing an alert if the collateral falls below a baseline value and requesting supplemental additions to the collateral.

Tengel clearly defines a lender as "A bank, finance company, mortgage bank, or other entity in the business of originating loans". Hence, it can be clearly seen that Tengels' invention was restricted to matching the requirements of bank credit parameter for mortgagee with the borrower details, where a lender is a traditional institutional lender like a bank. Traditionally depositors (one type of consumer) deposit money in institutions like banks and borrowers (another type of consumer) borrow money from institutions like banks. Banks and/or financial institutions lend money on the basis of collateral received from the borrower or on the perceived credit worthiness of the borrowers. These intermediaries (bank and/or financial Institutions) have the spread to cover operation cost, operational risk premium, credit Risk Premium and service capital.

The embodiments disclosed in the application 09/929,939 [hereinafter referred to as ELB, where ELB stands for Electronic Lending and Borrowing] for a virtual e-market where any type of an entity or an individual who wishes to lend money or financial instruments can participate, not necessarily in the business of originating loans. Further e-market enables counter parties to meet and negotiate all the terms of lending on the strength of collateral offered by borrowers without intervention. ELB also provides for creating a market where lenders and borrowers are ready to work directly, which will co-exist with the traditional setup but provide a platform for lenders and borrowers to leverage assets for better return. Thus ELB enables electronic lending and borrowing between two "users" [para 0046], where users are themselves lenders and borrowers. The "users" are traditionally referred to as consumers.

More specifically, Tengels' claims are based on accepting borrower data for matching to the criteria of lending institution and then forward the same to the institution where the borrower would be eligible to take loans. Whereas ELB claims the counter party to the borrower are envisaged to be ultimate lender and not a financial intermediary. This has been brought out clearly in paras 0001-0002. For example, paras 0111 to 0126 disclose a facility for the counterparties who wish to foreclose the lending contract to search and find suitable counter parties and where the counterparty requesting the foreclosure pay penalty and cost of switch. Such facilities cannot exist when the lending counter party is a bank. Also, ELB claims are on loan by an ultimate lender not being a financial institution to ultimate borrower on the strength of the collateral offered in the form of pledge of share, debts or units [para 0028], where Tengels' ultimate lender is an

institution and the lending type is that of mortgage. Furthermore, ELB allows for any new term to be added [para 0086] to the terms of loan during the negotiation process, where as no financial institution would allow a borrower to put forth a new term of loan for negotiation.

In page no.12 para 1 of the office action, it is stated that refinance or rollover is part of practice, however ELB provides for rollover with the same set of counter parties or different set of counterparties after negotiation [para 0111 to 0126].

In 0036, ELB discloses connection not only to banks but to depositories for marking of pledge where as no such feature exists in any other claims of the cited prior art. In para 0064-211, pledge of securities and verification with bank and depositories are disclosed and such process does not exist in any other patent references cited. Similarly, references to pledges of securities are referred to in paras 0074, 0106, and 0016.

Altman talks about a method for generating customized legal documents, where the documents are for institutional commercial loans, where the prospective borrower selects a suitable loan provision from a predesigned list of negotiable loan provisions including standard clauses and alternate optional clauses for each of the standard clauses. The borrower assigns a rank to each of the selected optional clauses. If the borrower ranking meets or is greater than the lender ranking threshold, the optional clause is accepted by the lender. If the borrower ranking does not meet or exceed the lender ranking threshold, the standard clause is retained by the lender. The borrower has an option not to accept the loan provisions and the borrower is also offered a limited number of chances to select new optional clauses or re-enter new ranking values for the selected optional clauses [col. 6, lines 16-22]. However, ELB provides for both borrower and lender to hold direct negotiations [paras 0052, 0056, 0059, 0060] regarding the loan provisions without being restricted to specific ranges. Furthermore, ELB allows for any new term to be added [para 0086] to the terms of loan during the negotiation process. The negotiations between the lender and the borrower can be held through the system, through electronic mails or through instant messaging.

Balson's patent application is relating to a field different from that of lending and borrowing. The collateral handling referred in Balson is towards margin for the purpose of trading done by participants in the process of arriving at contracts. Individuals (or customers) trading across the counter has been known for years. However, Balson has

proposed using a risk method to be used in such scenarios on an electronic medium, which is unrelated to the field of present invention. ELB is relating to an electronic lending and borrowing platform that facilitates negotiation directly between borrowers and lenders that are consumers (or end users), based on the collaterals offered by potential borrowers and terms of lending by potential lenders. The embodiments relate to method and apparatus for matching prospective borrowers with prospective lenders to initiate and complete a loan process in consumer-to-consumer electronic lending and borrowing.

Atkins discloses a financial management program incorporating means of implementing, coordinating, supervising, analyzing and reporting upon investments in an array of assets and credit facilities. The user pledges real property and assets to obtain funds which are invested in the financial management program to secure returns. The collateral being referred to by the examiner is the property and assets, which have been pledged by the user to obtain funds to invest in various assets and credit facilities. However, ELB is relating to method and apparatus for matching prospective borrowers with prospective lenders to initiate and complete a loan process in consumer-to-consumer electronic lending and borrowing.

Gulati '968 is related to auto trading on exchange whereas ELB is about lending and borrowing on the strength of collateral offered in the forms of shares, debts and units.

Shkedy '024 is related to buying and selling whereas ELB is related to lending and borrowing.

Further para 0023 reads as under "The traditional banking industry will gain by transaction processing without any involvement of credit risk" which clearly brings out that ELB is separate market place other the traditional bank and financial institutions to borrowers.

It is brought to the kind notice of the examiner that no system existed at the time of the application that allowed end users to negotiate and obtain loans without any intervention of traditional institutions like banks excepting for bank guarantees. Such a system/method would greatly enhance the convenience of users that are lenders and borrowers and would also tremendously reduce the transaction costs that would otherwise be high due to the overheads involved with running traditional institutions like banks and other financial institutions. Therefore, the embodiments disclosed in the application solve

a problem and put forward a solution that is novel and useful and not obvious in the light of the prior art cited.

At least for the above reasons, a person having ordinarily skill in the art to would not have been motivated to combine the teachings/ above-mentioned aspects of the applied references from different universes to arrive at the claimed invention. Further, even if the references were properly combined, the combination would have been anomalous in light of standard practice at the time of filing of the application.

Accordingly, it is respectfully requested to withdraw the basis of objections and rejections, and reconsider the newly submitted amended claims for issuing a patent.

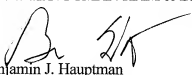
III. CONCLUSION

Accordingly, Applicant respectfully submits that all claims are now in condition for allowance. Early and favourable indication of allowance is courteously solicited.

To the extent necessary, a petition for an extension of time under 37 C.F.R. 1.136 is hereby made. Please charge any shortage in fees due in connection with the filing of this paper, including extension of time fees, to Deposit Account 07-1337 and please credit any excess fees to such deposit account.

Respectfully submitted,

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